



# Riding the storm

## Brexit Strategy. Wilson Partners' 23 point plan

"absolutely nothing has changed in respect of any laws governing the movement of labour, taxation or employment"

**Call us today and see how we can help you.**

**01628 770 770**

**So, the country has voted for an EU exit – a decision that has already had massive consequences with our Prime Minister resigning, the leader of the opposition facing a revolt and financial markets seeing huge volatility.**

Press and social media can leave even the most savvy of business leaders wondering what's next, but it is important to maintain a level head and not hit the panic button or hold up initiatives which you know make good commercial sense in the long term without due consideration.

The prospect of a long period of uncertainty is not attractive but it will take time for the UK's relationship with the EU to be decided and the trade agreements with the rest of the world put in place. It's important to remember that as a result of the referendum, absolutely nothing has changed in respect of any laws governing the movement of labour, taxation or employment. We still continue to operate under the same rules and will do for some time. Uncertainty brings risk. However, risk can, and should, be understood and mitigated wherever possible. So, what are the risks to UK SME businesses in the short term and what can you do about it? See our table below, where we have covered many of the challenges our clients are telling us they're facing and some ideas for what to do next.

And remember, we're only a call away and happy to discuss any concerns about how Brexit might affect your business. As ever, we're here to help and guide you through both the good times and the challenging times.

Issue	Why it matters	What to do
Cash, funding and liquidity	In a potential downturn the combined effect of lower profitability and stretched working capital can quickly result in a business running out of cash. We have already seen instances of funding being withdrawn for projects.	<ul style="list-style-type: none"> <li>• <b>Prepare a short and long term cash flow forecast.</b> Update it regularly (weekly) and do some 'what-if' scenario analysis to analyse the impact of shocks to the forecast</li> <li>• If cash and liquidity could be tight, <b>get advice and put additional facilities in place</b> even though these may not be needed</li> <li>• <b>Communicate with your bank</b> and your funding sources</li> </ul>
Working capital management	When the economy gets tighter it's even more important to collect cash from debtors and avoid taking on too much inventory. This not only helps liquidity but reduces bad debt and obsolete stock risk.	<ul style="list-style-type: none"> <li>• <b>Put in a process to manage your debtors</b> with regular chasing and communication</li> <li>• <b>Consider who you grant credit to</b> and what limits you are prepared to grant</li> <li>• <b>Speak to your customers regularly</b> to understand how they are doing and what their requirements will be</li> <li>• <b>Monitor your stock levels</b> and usage to avoid overstocking</li> </ul>
Foreign exchange	If you haven't already hedged exposure then you may already be seeing an immediate impact on your business (positive or negative).	<ul style="list-style-type: none"> <li>• Understand how <b>currency movements affect your business</b> – not just the obvious ones</li> <li>• <b>Speak to an expert</b> to understand the methods that would suit you and your business to manage this risk</li> <li>• If you buy in other currencies then <b>conversations with suppliers and customers</b> to mitigate the impact should start now</li> <li>• <b>Investigate opportunities within new export markets</b> (e.g. selling in Dollars to an overseas market)</li> <li>• If you are selling in Sterling to overseas then there may be an <b>opportunity to gain further market share</b> or increase your prices as your goods / services will now be cheaper</li> </ul>
Profitability	Your business may not appear to be directly affected by the Brexit vote but it may suffer from the trickle-down effect on others. If your clients / customers feel the effect, they will want to pass this on to their suppliers.	<ul style="list-style-type: none"> <li>• Put in place a <b>contingency plan</b> of how you will react to manage profitability</li> <li>• Find ways of providing any <b>added value to your customers</b> to maintain sales</li> <li>• Consider how you can manage costs to be <b>more efficient</b></li> </ul>
Fraud	There is a direct correlation between instances of fraud and economic downturns – a significant fraud could cause your business to fail. Fraud could manifest itself through misappropriation of assets (i.e. theft) or it could be that staff seek to deliberately mis-state financial information for their own benefit (e.g. where bonuses and commissions are linked to performance measures).	<ul style="list-style-type: none"> <li>• <b>Review financial controls</b> to ensure they are working effectively and identify any areas of weakness</li> <li>• <b>Monitor your management information</b> closely for results which appear out of line with expectations</li> <li>• Be on the lookout for <b>warning signs</b> such as an increase in the volume of credit notes.</li> </ul>
Taxation	If your business suffers a slowdown it could affect the ability to pay taxation as it falls due or you may incur losses that can be utilised to claim a repayment.	<ul style="list-style-type: none"> <li>• <b>Speak to your adviser</b> about what impact any downturn will have on your business and see whether it's possible to plan to utilise any losses effectively</li> <li>• Potentially make <b>arrangements with HMRC</b> over their 'time to pay' scheme</li> </ul>
Technology	You may have been able to carry on with processes that are manual / inefficient because the macro economic environment has been benign. If things get tight, you will need to be more efficient to maintain profits.	<ul style="list-style-type: none"> <li>• Look for ways to <b>invest in technology</b> to become more efficient</li> <li>• <b>Eliminating waste</b> through process improvement in fulfilling customer orders</li> <li>• Stay closer to customers to <b>maximise sales</b> through effective customer relationship management supported by the right systems</li> <li>• <b>Don't put off initiatives</b> that make good commercial sense just for the sake of cutting expenditure</li> </ul>